

FISCAL NOTE

SB 2875 - HB 3214

February 24, 2000

SUMMARY OF BILL:

- Allows for the creation of public charter schools in Tennessee. Such schools would be exempt from all statutes, rules and regulations applicable to schools, school boards, and local education agencies although it may elect to comply with one or more such rules. A public charter school could be formed by creating a new school or converting an existing school. An existing public school could convert only with the agreement and support of 75% of the full-time teachers and 60% of the parents whose children are enrolled in the school.
- Provides for a three-year pilot program followed by full implementation. Allows approval of no more than six charter school applications per grand division for academic years 2001-02, 2002-03, and 2003-04. The Department of Education shall reimburse a local chartering authority for up to \$2,000 in expenses, including staff time, for each application that the local chartering authority receives and approves. A public charter school would require licensure or waiver eligibility for all teachers. A public charter school shall require a criminal background check to be conducted on any person hired to serve on the staff of the school and on any person nominated for or elected to membership on the governing body of a public charter school. No charter agreements could be granted that authorize conversion of any private or home-based school to charter status.
- Provides that the State Board of Education would allocate funds to a public charter school on the same basis as all other public schools. Funds usually allocated on the basis of actual enrollment in the prior year would be allocated on anticipated enrollment during the first full academic year of a public charter school's operation.
- Requires the Commissioner of Education to submit to the state legislature a report on the state's public charter school programs no later than January 15 and no later than August 15 of each during the pilot program phase, and no later than January 15 following full implementation. The State Board of Education shall direct the Department of Education to provide guidance and technical assistance to potential charter applicants/operators, local boards of education and local education agencies in the form of written materials, telephone or direct consultation, and workshops.
- Requires the Department of General Services to annually publish a list of vacant and unused buildings and vacant and unused portions of buildings that are owned by the state and that may be suitable for the operation of a public charter school.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures:

**\$62,000 Recurring/Dept. of Education FY00-01 and thereafter
(Reflected in the Governor's FY00-01 Budget)**

\$36,000 One-Time FY01-02

Exceeds \$900,000/BEP FY01-02 and thereafter

Increase Local Govt. Expenditures*:

Exceeds \$425,000/BEP FY01-02 and thereafter

Other Fiscal Impact - Increase Federal Revenues:

Exceeds \$100,000 FY 01-02 and thereafter

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Estimate assumes:

- One position and related expenses in the Department of Education for administrative purposes associated with public charter schools.
- The Department of Education will reimburse local boards \$2,000 for each of the 18 applications received and approved for the three academic years.
- A typical public charter school will have at least 200 students and at least 10% will come from private schools and/or from home schools.
- Eighteen schools will be established for academic years 2001-02, 2002-03 and 2003-04 and will increase BEP funding for at least 360 students who are not now enrolled in public schools.
- BEP funding for 1999-00 provided an average of approximately \$3,698 per student of which approximately 67% is state funds.
- BEP funding for 2001-02 is based on an amount exceeding \$50,000 for each public charter school established.
- Assumes any cost associated with conducting criminal background checks on staff or membership of the governing body of the public charter school will be borne by the individual applicant.
- Assumes a cost to the Department of Education to conduct workshops for public charter operators, local boards of education and LEAs. Such cost is estimated to be not significant.
- Assumes an insignificant cost to the Department of General Services to publish annually a list of unused buildings for potential use as public charter schools.
- Tennessee will be eligible to receive federal charter school grants.

The Governor's FY00-01 Budget reflects \$1,000,000 for charter schools. However, the bill provides that the three-year pilot charter school program does not begin until FY 01-02. Therefore, this fiscal note assumes only the one position and related expenses in the Department of Education (\$62,000) is needed during FY00-01 from the \$1,000,000 improvement request in the Governor's FY00-01 Recommended Budget.

Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director